Diversion of subsidised foodgrains into Open Market

141. SHRI P. PRABHAKAR REDDY:
SHRI C.M. IBRAHIM:
SHRI SURESH PACHOURI.

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Government's attention has been drawn to the news report captioned, "CAG slams PDS overcharging", appearing in the 'Statesman' dated 2nd January, 2001;

(b) if so, Government's reaction thereto;

(c) whether it is a fact that CAG has also reported that a significant portion of subsidised foodgrains did not reach the beneficiaries due to their diversion in the open market;

(d) if so, whether an enquiry committee is proposed to be set up for investigation and action;

(e) if not, the reasons therefor; and

(f) the reasons for failure of the system and the remedial steps taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHRIRAM CHAUHAN): (a) Yes, Sir. The news report quotes from the audit review on Public Distribution System included in the Comptroller and Auditor General of India's Report No. 3 of 2000 laid on the Table of the Parliament during the Winter Session.

(b) Public Distribution System is implemented under the joint responsibility of the Central and State Governments/UT Administrations. The Central Government is responsible for procurement, storage and transportation of the PDS commodities up to the designated Central godowns and making them available to the States. The responsibility for distribution to the consumers through the fair price shops and administrations of the PDS rests with the State Government. The observations of the CAG regarding

overcharging of consumers are made on the basis of sample checks in 25 States and 6 UTs. Instances of overcharging consumers have been pointed out by audit in respect of 21 States and 2 Union Territories.

(c) Yes, Sir. The CAG has reported diversion of significant portion of subsidised foodgrains to the open market. Instances of foodgrains having been diverted for purposes not connected with PDS and to other departmental organisations and schemes have been pointed out by audit in respect of 16 States and Union Territories on the basis of sample checks by audit. The review also cites the study report on assessment of extent of diversion of foodgrains, sugar and edible oil from PDS in the country by the Tata Economic Consultancy Services (TECS) in February, 1998.

(d) and (e) Extracts of the CAG's report are being forwarded to the State Governments and UT Administrations concerned for taking remedial steps.

(f) The major causes of diversion cited in the TECS study are bulk diversion from godowns, bogus units in ration cards, underweighment at various levels, illiteracy of consumers, low profit margins for Fair Price Shops (FPS) owners, floating populations, fictitious distribution agencies, non-availability/irregular supply and inferiors quality with foreign particles. The State Governments have been requested to closely monitor the PDS at the Fair Price Shop (FPS) and other levels and to make arrangement for distribution of PDS commodities in a transparent and accountable manner by involvement of Panchayati Raj Institutions (PRIs). Involvement of Panchayati Raj Institution in the implementation of TPDS as a measure of social audit will make the system more transparent and accountable and thereby helping in checking the diversion of food item under PDS to a large extent. They have also been asked to eliminate bogus ration cards and initiate action against erring FPS owners under section 3 of the Essential Commodities Acts, 1955.